

In the Matter of the Acquisition of Control
of Blue Cross Blue Shield of Wisconsin; Compcare Health
Services Insurance Corporation; Unity Health Plans
Insurance Corporation; United Heartland Life Insurance
Company; United Wisconsin Insurance Company;
and Valley Health Plan, Inc. by Anthem, Inc.
and Anthem Holding Corp.,

FINAL DECISION
AND ORDER

Case No. 04-C28767

Petitioners.

Jorge Gomez, Commissioner of Insurance, Presiding

APPEARANCES

For the Office of the
Commissioner of Insurance:

Steven J. Junior, Senior Insurance Examiner
Guenther H. Ruch, Administrator of the
Division of Regulation and Enforcement
125 South Webster Street
Madison, Wisconsin 53702

For the Petitioners:

David J. Hanson
Thomas E. Klancnik
Jonathan L. Schuster
(as counsel for Petitioners and
WellPoint Health Networks Inc.)
Michael, Best & Friedrich, LLP
One South Pinckney Street
Madison, Wisconsin 53701

Tibor D. Klopfer
Adam B. Hirschfeld
(as counsel for Petitioners only)
Baker & Daniels
300 North Meridian Street, Suite 2700
Indianapolis, Indiana 46204-1782

David R. Frick, Executive Vice President and Chief Legal
and Administrative Officer
Marjorie Maginn, Regional Director – Government
Relations
Merrill Yarling, Treasury Analysis Director
Anthem, Inc.
120 Monument Circle
Indianapolis, Indiana 46204

Other appearances:

Robert A. Kelly, Vice President – Legal Services
WellPoint Health Networks Inc.
1 WellPoint Way
Thousand Oaks, California 91362

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Rebecca A. Kapustay, President and Chief
Executive Officer
Lorna Granger, Vice President and General Counsel
Blue Cross Blue Shield of Wisconsin
401 W. Michigan Street
Milwaukee, Wisconsin 53203

Timothy F. Cullen, Chairman and President
Government Health Services, LLC
401 W. Michigan Street
Milwaukee, Wisconsin 53203

Robert A. Peterson, Executive Director
Advocacy and Benefits Counseling for Health, Inc.
152 W. Johnson Street, Suite 206
Madison, Wisconsin 53703-2213

PRELIMINARY

Pursuant to a Notice of Hearing dated March 10, 2004, a hearing was held at 9:50 a.m. on April 1, 2004, to determine whether the Petitioners' application for approval of the plan for acquisition of control should be granted. Based on the record, the Commissioner of Insurance makes the following:

FINDINGS OF FACT

(1) Anthem, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, is a corporation organized and domiciled in Indiana. Anthem Holding Corp., 120 Monument Circle, Indianapolis, Indiana 46204, is a stock corporation organized and domiciled in Indiana. Anthem, Inc. and Anthem Holding Corp. are referred to as the "Petitioners".

(2) Blue Cross Blue Shield of Wisconsin, 401 W. Michigan Street, Milwaukee, Wisconsin 53203, is a Wisconsin domestic stock insurance corporation.

(3) Compcare Health Services Insurance Corporation, 20855 Watertown Road, Suite 140, Waukesha, Wisconsin 53186, is a Wisconsin domestic stock insurance corporation.

(4) Unity Health Plans Insurance Corporation, 840 Carolina Street, Sauk City, Wisconsin 53583, is a Wisconsin domestic stock insurance corporation.

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(5) United Heartland Life Insurance Company, 12695 W. National Avenue, New Berlin, Wisconsin 53151, is a Wisconsin domestic stock insurance corporation.

(6) United Wisconsin Insurance Company, 12695 W. National Avenue, New Berlin, Wisconsin 53151, is a Wisconsin domestic stock insurance corporation.

(7) Valley Health Plan, Inc., 2270 East Ridge Center, Eau Claire, Wisconsin 54702, is a Wisconsin domestic stock insurance corporation.

(8) WellPoint Health Networks Inc., 1 WellPoint Way, Thousand Oaks, California 91362, is a holding company domiciled in Delaware, which presently exercises control of Blue Cross Blue Shield of Wisconsin; Compcare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc.

(9) The Petitioners filed with the Office of the Commissioner of Insurance an application for approval of a plan for a change in control of Blue Cross Blue Shield of Wisconsin; Compcare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc. that would be occasioned by the merger of WellPoint Health Networks Inc. with and into either Anthem Holding Corp., which is a wholly owned subsidiary of Anthem, Inc., or a single member limited liability company in substitution for Anthem Holding Corp. (the "Change in Control Plan").

(10) The Petitioners were served with a Notice of Hearing.

(11) The Petitioners fulfilled the filing requirements of s. Ins 40.02, Wis. Adm. Code.

(12) The Change in Control Plan would not violate the law or be contrary to the interests of any of the following Wisconsin domestic insurers or their respective policyholders: Blue Cross Blue Shield of Wisconsin; Compcare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc. In addition, the Change in Control Plan would not be contrary to the interests of the Wisconsin policyholders of the following nondomestic insurers licensed in Wisconsin: Anthem Insurance Companies, Inc., Anthem Life Insurance Company, Healthy Alliance Life Insurance Company; OneNation Insurance Company; Trigon Health & Life Insurance Company, and UNICARE Life & Health Insurance Company.

(13) Upon the Change in Control Plan becoming effective, none of the following insurers will experience a change that would cause any one of them to become unable to

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satisfy the requirements for the issuance of a license to write the lines of insurance for which
it is presently licensed:

- a. Blue Cross Blue Shield of Wisconsin; Compcare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc., each a Wisconsin domestic stock insurer; and
- b. Anthem Insurance Companies, Inc., Anthem Life Insurance Company, Healthy Alliance Life Insurance Company; OneNation Insurance Company; Trigon Health & Life Insurance Company, and UNICARE Life & Health Insurance Company, each a nondomestic insurer licensed in Wisconsin and affected by the proposed plan by virtue of its effects upon the holding company system of which each is a member.

(14) The effect of the Change in Control Plan will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

(15) The financial condition of Anthem, Inc. and Anthem Holding Corp., each individually, and the holding company system controlled by Anthem, Inc., taken as a whole, is not likely to jeopardize the financial stability of any domestic or nondomestic insurer participating in or affected by the Change in Control Plan, or to prejudice the interests of their respective Wisconsin policyholders.

(16) There are no plans or proposals to liquidate any participating domestic insurer or any intermediate holding corporation, to sell their respective assets (other than investment portfolio transactions in the ordinary course of business), to consolidate or merge any participating insurer with any other person, or to make any other material change in their respective businesses, corporate structures, or managements other than described in the Change in Control Plan.

(17) The competence and integrity of the persons who would control the operation of Blue Cross Blue Shield of Wisconsin; Compcare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc., and the nondomestic insurers participating in or affected by the plan are such that it is in the interest of the policyholders of these insurers and of the public to permit the Change in Control Plan.

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CONCLUSION OF LAW

(18) The proposed findings of fact set forth above establish that the requirements of s. 611.72 and chs. 227 and 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code, have been satisfied and approval of the Change in Control Plan should be granted.

ORDER

NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby order that:

(19) The Petitioners' request for approval of a plan for acquisition of control as described in the Change in Control Plan is approved.

NOTICE OF APPEAL INFORMATION

(Notice of rights for rehearing and judicial review,
the times allowed for each, and the identification
of the party to be named as respondent)

The following notice is served on you as part of the Final Decision:

1. Rehearing.

Any person aggrieved by this Final Decision may petition for a rehearing within 20 days after the service of this Final Decision, as provided in s. 227.49, Wis. Stat. A petition for rehearing is not a prerequisite for appeal directly to circuit court through a petition for judicial review.

A petition for rehearing must be filed with the Commissioner at the address below.

2. Judicial Review.

Any person aggrieved by this Final Decision has a right to petition for judicial review of this Final Decision as provided in s. 227.53, Wis. Stat. The petition must be filed in circuit court within 30 days after service of this Final Decision if there has been no petition for rehearing, or within 30 days after service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition by operation of law of any petition for rehearing.

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A petition for judicial review must be served on, and name as the Respondent:

Commissioner of Insurance, Respondent
Office of the Commissioner of Insurance
P. O. Box 7873
Madison, Wisconsin 53707-7873

A copy of the relevant statutory provisions is attached.

Dated at Madison, Wisconsin, this _____ day of April, 2004.

Jorge Gomez
Commissioner of Insurance

WISCONSIN STATUTES

At all times material, the relevant parts of s. 227.49, Wis. Stat., read as follows:

227.49 PETITIONS FOR REHEARING IN CONTESTED CASES.

(1) A petition for rehearing shall not be a prerequisite for appeal or review. Any person aggrieved by a final order may, within 20 days after service of the order, file a written petition for rehearing which shall specify in detail the grounds for the relief sought and supporting authorities. An agency may order a rehearing on its own motion within 20 days after service of a final order. . . .

(2) The filing of a petition for rehearing shall not suspend or delay the effective date of the order, and the order shall take effect on the date fixed by the agency and shall continue in effect unless the petition is granted or until the order is superseded, modified, or set aside as provided by law.

(3) Rehearing will be granted only on the basis of:

(a) Some material error of law.

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(b) Some material error of fact.

(c) The discovery of new evidence sufficiently strong to reverse
or modify the order, and which could not have been previously
discovered by due diligence.

(4) Copies of petitions for rehearing shall be served on all parties
of record. Parties may file replies to the petition.

(5) The agency may order a rehearing or enter an order with
reference to the petition without a hearing, and shall dispose of the
petition within 30 days after it is filed. If the agency does not enter
an order disposing of the petition within the 30-day period, the
petition shall be deemed to have been denied as of the expiration of
the 30-day period.

(6) Upon granting a rehearing, the agency shall set the matter for
further proceedings as soon as practicable. . . .

At all times material, the relevant part of s. 227.52, Wis. Stat., read as follows:

227.52 JUDICIAL REVIEW: DECISIONS REVIEWABLE.

Administrative decisions which adversely affect the substantial
interests of any person, whether by action or inaction, whether
affirmative or negative in form, are subject to review as provided in
this chapter. . . .

At all times material, the relevant parts of s. 227.53, Wis. Stat., read as follows:

227.53 PARTIES AND PROCEEDINGS FOR REVIEW. (1)

Except as otherwise specifically provided by law, any person
aggrieved by a decision specified in s. 227.52 shall be entitled to
judicial review thereof as provided in this chapter.

(a) 1. Proceedings for review shall be instituted by serving a
petition therefor personally or by certified mail upon the agency or
one of its officials, and filing the petition in the office of the clerk of
the circuit court for the county where the judicial review proceedings
are to be held. . . .

2. Unless a rehearing is requested under s. 227.49, petitions for
review under this paragraph shall be served and filed within 30 days

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after the service of the decision of the agency upon all parties under s. 227.48. If a rehearing is requested under s. 227.49, any party desiring judicial review shall serve and file a petition for review within 30 days after service of the order finally disposing of the application for rehearing, or within 30 days after the final disposition by operation of law of any such application for rehearing. The 30-day period for serving and filing a petition under this paragraph commences on the day after personal service or mailing of the decision by the agency.

. . .

(b) The petition shall state the nature of the petitioner's interest, the facts showing that petitioner is a person aggrieved by the decision, and the grounds specified in s. 227.57 upon which petitioner contends that the decision should be reversed or modified.

. . .

(c) A copy of the petition shall be served personally or by certified mail or, when service is timely admitted in writing, by first class mail, not later than 30 days after the institution of the proceeding, upon each party who appeared before the agency in the proceeding in which the decision sought to be reviewed was made or upon the party's attorney of record. . . .

(d) The agency . . . and all parties to the proceeding before it, shall have the right to participate in the proceedings for review. . . .